

Proposed Regulations of the State Treasurer
Proposed Amendments for November 16 Public Hearing
LCB File No. R128-11

1. Delete Section 7 (1)
~~a. Pursuant to subsection 4 of NRS 355.285, the Business Leadership Council is hereby established.~~
2. Section 7 (2) amend as follows: "The Board ~~shall~~ may appoint...
3. Section 7 (3) amend as follows: "The Business Leadership Council ~~shall~~ may :
4. Section 7 (3) b and c amend as follows:
 - a. (b) Nurture and mentor businesses receiving or seeking an investment from...
 - b. (c) Provide businesses receiving or seeking an investment from...
5. Section 8 amend as follows:
 - a. A member of the Board or an officer, employee or an agent of the Corporation shall not disclose financial or proprietary information of a business seeking or receiving an investment from the Corporation, or otherwise related to the investments of the Corporation except disclosures made to (i) other members of the Board, (ii) other officers, employees or agents of the Corporation who need to know such information to carry out their functions, and (iii) the Fund of Funds Manager, without the consent of the person or entity that submitted the information, unless disclosure of the information is required by chapter 239 or 241 of NRS or other applicable law.
6. Section 9 (1) amend as follows:

The Board shall;

 1. Adopt a policy requiring concerning the payment of fair wages and benefits and the appropriate training of workers by contractors retained by a business in which the Corporation directly invests. The officers of the Corporation shall prepare and submit to the Board a draft of such a policy. In drafting the policy, the officers of the Corporation shall:
 - a. Define "fair wages and benefits" and "appropriate training of the workers" in such ~~a manner that the definitions are that it recognizes that it might be~~ practical for all markets.
 - b. Define "fair wages and benefits" based upon the following criteria:
 - i. The nature of a project;
 - ii. The nature of the jobs or trades required for a project and comparable job or trade classifications;
 - iii. The scope and complexity of the work; and
 - iv. Any other factors affecting the relevant markets in the locality in which the business receiving an investment is located.
 - c. Consider local practices concerning specific trades and types of projects to determine whether the prevailing wage, as determined by government surveys, is ~~a~~

practical ~~standard for determining fair wages based on the prevailing wage, as determined by government surveys,~~ in lieu of standard the policy may require a business in which the Corporation invests to engage in broad outreach and a competitive bidding process which invites local trades to suggest contractors whom the local trades believe to be responsible and qualified for a specific project.

~~d. Propose a standard for determining fair wages and benefits for a particular business in which the Corporation invests based on the following factors:~~

- ~~i. The wage practices of the locality in which the business is located;~~
- ~~ii. The laws of this State;~~
- ~~iii. The prevailing wage for the locality in which the business is located, as determined by government surveys;~~
- ~~iv. Labor market conditions in the locality in which the business is located; and~~
- ~~v. Any other factors deemed relevant by the officers.~~

7. Delete Sections 9 (2) c and d as follows:

~~e. The indemnification of members of the Board and the officers of the Corporation pursuant to NRS 82.541~~

~~d-c. Fiduciary liability insurance for members of the Board.~~

8. Section 9 (3) and (3)(b) amend as follows:

- a. Establish investment guidelines for the Fund of Funds Manager and for private equity funds, co-investments, and direct investments in which the Corporation invests, including, without limitation, guidelines for:
- b. Negotiating and including in ~~each~~ agreements governing ~~an~~ venture capital co-investments made by the Corporation a provision requiring ~~an invested~~ penalties to be paid back to the Corporation if ~~the certain~~ requirements governing the investment are not met;

9. Section 9 (7) amend as follows:

- a. Retain an independent audit firm to conduct audits of the Corporation, ~~and monitor investment performance objectives.~~

10. Section 11 (b) amend as follows:

- a. A report of an independent ~~appraiser~~ auditor selected by the Board who provides a report on matters reasonably believed to be within the professional competence of the ~~appraiser~~ auditor.

11. Section 13 (b) (1) amend as follows:

- a. Invests not more than ~~\$15 million~~ \$5 million of the Corporation's capital in a single ~~private equity fund~~ business and invests not more than \$10 million or 20% in a single private equity fund;

12. Section 13 (c) amend as follows:

- a. Select private equity funds, co-investments or direct investments in which to invest the Corporations money...

13. Section 13(3)(d) amend as follows:

- a. On behalf of the Corporation, negotiate and execute partnership agreements with private equity funds, co-investments or direct investments in which the money of the Corporation will be invested.

14. Section 13(3)(h) amend as follows:

- ~~a. In accordance with industry standards for due diligence with respect to private equity funds, perform regular due diligence of private equity funds in which the Corporation is invested. Due diligence must include, without limitation:~~

- ~~i. Reviewing the annual financial statements of each fund; and~~

- ~~ii. a. Annual on-site visits with the management of each fund.~~

15. Section 13(3)(i) amend as follows:

- a. Provide an annual report to the Board concerning the performance and activities of each private equity fund, s, co-investments or direct investments in which the Corporation is invested.

16. Delete Section 13(3)(l).

17. Section 13(3)(m) amend as follows:

- a. Ensure that a business ~~relocated to this State and~~ receiving a venture capital co-investment or direct investment is required :
 - i. To maintain a presence in this State, as evidenced by the criteria set forth in subsection 6 of NRS 355.285, for a minimum period; and
 - ii. To pay back any investment made by the Corporation if the business fails to maintain such a presence for the minimum period.

18. Section 13(n) amend as follows:

- a. Ensure that at least 70 percent of the total amount invested by the Corporation in private equity funds~~investments~~, after the payment of fees to managers ~~of the private equity funds~~, is invested by the selected private equity funds in businesses that meet the criteria set forth in subsection 2 of NRS 355.280.

19. Section 13 add new section (o) as follows:

- a. Ensure that 100 percent of any venture capital co-investment or direct investment is invested in businesses that meet the criteria set forth in subsection 6 of NRS 355.285

20. Section 13(p) 5 amend as follows:

- ~~a. On or before June 30 of each year, the Fund of Funds Manager shall provide to the State Treasurer a report on the activities of the Fund of Funds Manager during the preceding year and the performance of the investments made by the Corporation.~~

21. Section 15(b) (2) amend as follows:

- ~~a. Establish an office in this State or conduct operations in this State for at least 2 days during each month.~~

22. Section 16(4) amend as follows:

- a. The Corporation may not invest more than \$10 million pursuant to this section. ~~The initial investment in a single business may not exceed \$3.75 million, and the total investment in a single business may not exceed \$7.5 million.~~